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CENTRAL INTELLIGENCE AGENCY

Memorandum



THE SITUATION IN VIETNAM

Information as of 1600
30 June 1966

State Department review completed

PREPARED FOR THE NATIONAL SECURITY COUNCIL
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HIGHLIGHTS

US aircraft have struck major North Vietnamese POL storage sites for the second straight day, losing only one aircraft in today's strike. [REDACTED]

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[REDACTED] In South Vietnam, a regimental size Viet Cong attack on US armored elements north of Saigon today was repulsed with heavy Communist losses. Premier Ky, meanwhile, is continuing his efforts to conciliate Buddhist moderates.

I. The Military Situation in South Vietnam: Elements of the US 1st Infantry Division early today repulsed a major Communist regimental-size attack north of Saigon in Binh Long Province, killing 300 Viet Cong (Paras. 1-2).

II. Political Developments in South Vietnam: Premier Ky reportedly continued his attempts to conciliate Buddhist Institute Chairman Tam Chau today (Paras. 1-3). Meanwhile, the Buddhist Institute compound remains under government control, and the government continues to screen the visitors of Tri Quang, who is now in the fourth week of his hunger strike (Paras. 4-5). Attempts to get some 12,000 Vietnamese construction workers back on their jobs are not succeeding (Para. 6). Uneasiness continues to characterize the economic situation following the government's devaluation and economic reform program (Para. 7).

III. Military Developments in North Vietnam: US aircraft struck North Vietnam's POL storage facilities for the second straight day, losing only one aircraft on 30 June (Paras. 1-5). [REDACTED]

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[REDACTED] A significant portion of North Vietnam's POL storage has been destroyed by the strikes, but other dispersed storage sites may be able to provide enough

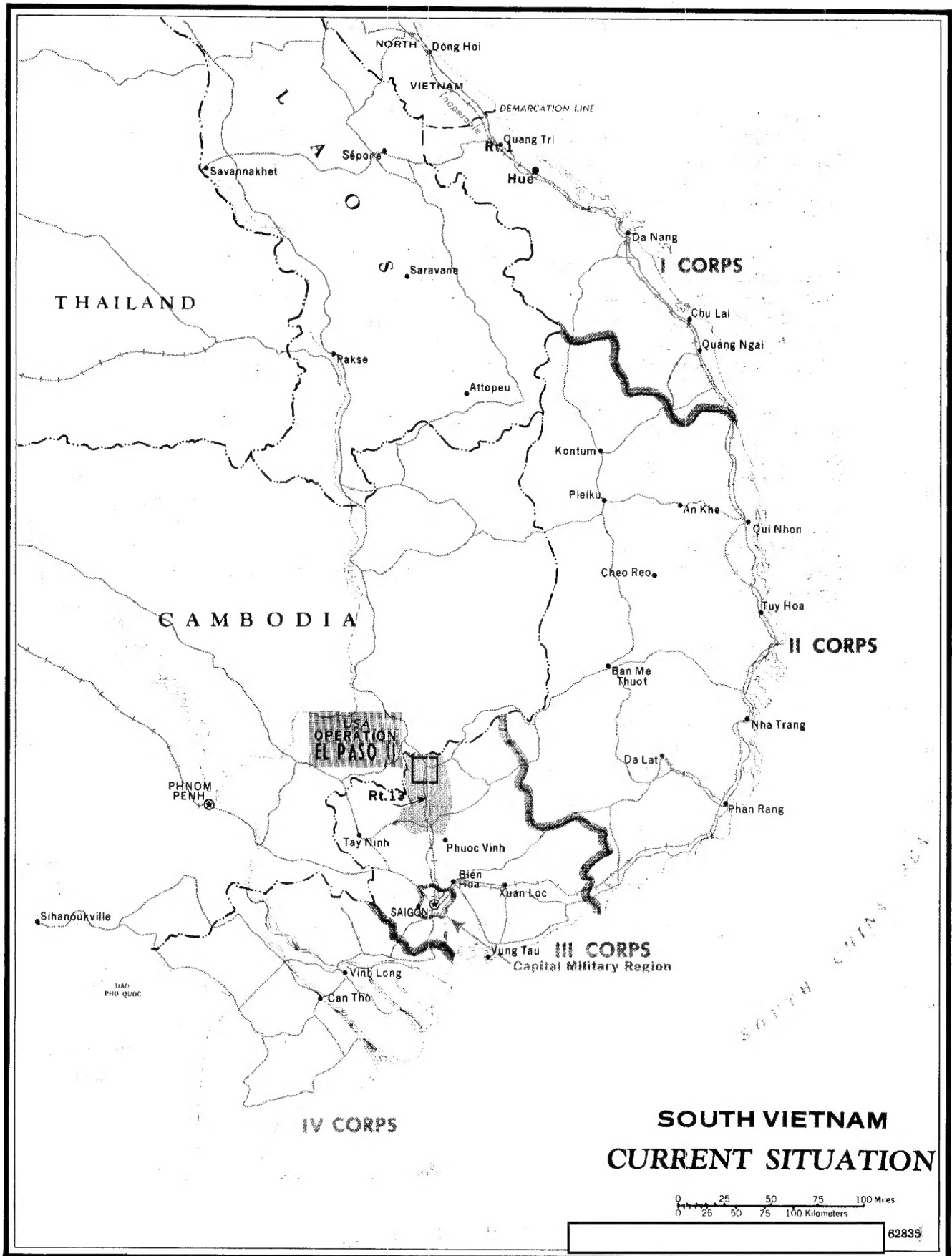
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petroleum to meet most of the current demand until new supply procedures can be instituted (Paras. 7-9).

V. Communist Political Developments: A North Vietnamese Foreign Ministry statement of 30 June called the POL strikes a "new stage" of escalation by the US but did not hint at plans for any specific retaliation (Paras. 1-2). Soviet reaction, including remarks by Premier Kosygin, appeared relatively moderate (Paras. 3-5). The Chinese Communists thus far have not made an authoritative comment on the strikes (Para. 6).

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. Heavy fighting was reported early today 60 miles north of Saigon in Binh Long Province, where an estimated Communist regiment attacked armored reconnaissance elements of the US 1st Infantry Division. The US forces were participating in a road-clearing phase of search-and-destroy Operation EL PASO II along Highway 13. Supported by battalion-strength ground reinforcements and tactical air strikes, US units killed 300 of the attackers. American casualties in the action are not available, but at least one US tank, one armored personnel carrier, and one Chinook helicopter were destroyed by enemy heavy-weapons fire.

2. Today's engagement marked the second time this week that a major Communist assault on a motorized convoy had been successfully repulsed by allied/Vietnamese troops and turned into a significant enemy defeat. On 28 June, an estimated Viet Cong battalion lost 202 killed during an abortive ambush against a South Vietnamese Marine battalion moving in a convoy along Route 1 northwest of Hue.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. According to a preliminary press report, Premier Ky today promised to release civil servants and military personnel involved in the recent Buddhist-led "struggle" movement. His offer reportedly applied to all persons arrested during recent riots except those "influenced by the Communists." Ky's remarks were contained in a letter to moderate Buddhist Institute Chairman Tam Chau, who commented that it "indicates the prime minister's good will." However, Chau refused to say whether the offer would constitute the basis for a final settlement with the government, and declared that the Institute council would meet on 2 July to discuss the matter.

2. The issue of amnesty for supporters of the "struggle" has apparently become the key to an accord between Tam Chau's moderate group and the government. Ky has consistently agreed to Chau's other major request--that of reparations for damage to pagodas caused by government troops. Tam Chau may be calculating that government fulfillment of these two conditions will allow him enough leverage to regain the support of a majority of Institute leaders and thus arrive at a meaningful settlement with the government. Tam Chau's bargaining points presumably include a pledge of "good will" toward the government and an endorsement of government programs, particularly the constituent assembly elections in September.

3. Without further details, it cannot yet be determined whether Ky's letter today represents any significant change in the premier's position on the treatment of antigovernment supporters now in government custody. In an earlier letter to Tam Chau, Ky had agreed to be lenient with lower ranking "struggle" members and to free all genuine members of the Buddhist clergy. However, he had declared that leading civil and military officials involved in the antigovernment movement--such as former Da Nang mayor Nguyen Van Man--would have to stand trial.

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4. Meanwhile, the Buddhist Institute compound remains under government control. Buddhists are allowed to pray at the shrine, but are forbidden to use other facilities on the grounds. According to a semiofficial government press release, the return of the Institute compound to the Buddhist church is dependent only upon a decision of the Institute council.

5. Militant Buddhist leader Tri Quang is continuing his hunger strike--now in its fourth week--at a private clinic in Saigon, where his visitors are still being screened by the government. [REDACTED]

25X1 [REDACTED] Quang's visitors--except for prominent and well-known Buddhist leaders--must be approved by the mayor of Saigon, Lieutenant Colonel Cua. A government press release yesterday denied that there were any contacts between Quang and a government representative reportedly urging him to renounce his hunger strike. The press release also stated that security forces around the clinic have been strengthened because of alleged intelligence reports indicating that an attempt might be made on Tri Quang's life.

Construction Workers Strike Continues

6. Only 3,000 of the original 12,000 Vietnamese construction workers on strike for higher wages reported for work today in the general Saigon area, according to press sources. Labor spokesmen had urged the workers to resume their jobs while a settlement was worked out, but apparently a lack of discipline among the workers, as well as their dissatisfaction with an announced offer amounting to about one half of their demands, are the main causes for the continuation of the strike.

Uneasiness Continues to Characterize the Economic Situation

7. Trends relating to the government's devaluation and economic reform program generally remained unchanged yesterday, with prices, including

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that of gold, edging upward. General fear that the government will not be able to continue its sale of gold to jewelers and that government foreign exchange holdings will be insufficient to meet demands under a liberalized import system appear to be major causes for the price rise in gold. As another sign of the general uncertainty, the US Embassy has reported that Vietnamese businessmen recently have been seeking reassurance that US commercial aid will continue at its present level.

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III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

1. US aircraft struck major North Vietnamese POL storage facilities for the second straight day. One F-105 Thunderchief aircraft was lost to ground fire but the pilot has been recovered.

2. Eight US Navy aircraft struck the Bac Giang POL facility, 27 miles northeast of Hanoi, in the early afternoon of 30 June (Vietnam time), and reported 100-percent destruction of the target. Subsequent photo interpretation confirmed that "the entire target was consumed in fire and smoke." Flood waters surrounding the storage site isolated it from nonmilitary areas.

3. Later on the same day, 24 USAF aircraft made simultaneous raids on the Nguyen Khe and Viet Tri POL storage facilities northwest of Hanoi. Pilot reports indicated that fires had been started at both sites, but initial photo interpretation indicated that the damage to the targets may only have been moderate.

4. North Vietnamese air defense reaction to the strikes was at a low level for the second consecutive day. Ground fire was heavy at all targets, but early pilot reports indicated that there were no MIG engagements and that only three SA-2 missile firings had been observed. Yesterday, four MIG-17 Frescoes engaged four F-105s north of Hanoi, and one of the North Vietnamese aircraft was probably destroyed.

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Poststrike POL Storage Situation

7. The six petroleum storage installations hit by air strikes on 29 and 30 June had a total capacity before the attacks of 133,000 metric tons of petroleum--approximately 80 percent of the estimated national principal bulk storage capacity of 165,000 metric tons. If this amount of capacity has been lost or badly damaged, North Vietnam will experience some immediate problems in the receipt, distribution, and supply of petroleum. However, available supplies in the four remaining principal installations and at the numerous dispersed petroleum storage sites are believed to be adequate to meet most of the estimated current demand--about 500 metric tons a day--until new supply arrangements can be instituted.

8. No accurate assessment of the amount of the total damage incurred is yet available, but it seems almost certain that the two major installations at Hanoi and Haiphong have been rendered at least temporarily unusable. Severe damage to facilities at Haiphong--the point of entry for most petroleum imports--and at Hanoi--a major distribution center--would necessitate a major reorganization of the import and primary distribution systems.

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9. Apparently in anticipation of strikes against its principal petroleum storage installations, North Vietnam has developed in recent months a system of more than 30 small, dispersed petroleum storage sites in strategic locations throughout the country. Although the capacity of these sites--about 10,000 tons altogether--is small in relation to the principal installations, their total capacity is equivalent to more than 15 days supply at current levels of consumption. Moreover, most of these sites are so located that they can be supplied directly by land from China. Since 21 June, aircraft on armed reconnaissance missions have struck seven of these small installations. The extent of damage from these strikes is not known, but the combined capacity of the seven sites is estimated to be in the order of 2,000 tons--approximately 20 percent of the estimated dispersed storage.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. Hanoi's reaction to the destruction of its major POL storage facilities was officially summed up in a sharply worded Foreign Ministry statement of 30 June which labeled the action a "new stage" of escalation by the Americans. The statement did not, however, hint at plans for any specific retaliation.

2. The statement called on the socialist countries to increase their support for the "struggling Vietnamese people," thus underlining North Vietnam's growing dependence on aid from the bloc to keep its war machine in operation. The destruction of the storage facilities at Haiphong will force the North Vietnamese to rely largely on POL input over the rail lines from China to replenish DRV stocks.

3. Soviet Premier Kosygin's tepid remarks on the US bombing attacks fit the pattern of Moscow's relatively moderate and ritualistic reaction to date. At a reception for De Gaulle on 30 June, Kosygin merely reiterated the theme that US air attacks proved that Washington is not at all interested in a peaceful settlement. Although Kosygin probably felt somewhat restricted by De Gaulle's presence, his comments on the bombing raids were nonetheless noticeably restrained. As expected, the Soviet-French declaration issued at the conclusion of De Gaulle's visit did not go beyond a general endorsement of support for "a settlement on the basis of the 1954 Geneva agreements excluding any foreign interference in Vietnam."

4. Soviet broadcasting media have issued several low-level commentaries. On 30 June a TASS commentator condemned the "unprecedented barbarity" of the new and "grave crime," characterizing the bombings as an "extremely dangerous step" in the extension of the war. However, the Soviets have been no more forceful in objecting to the recent bombings than they have been in treating past US air raids against the DRV. TASS stated, "It already has been stressed repeatedly that the aggressors will encounter growing support for Vietnam by the Soviet Union and other socialist countries."

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5. A. A. Roshchin, the chief Soviet negotiator at the Geneva disarmament conference, also made a perfunctory protest against the US action, but at the same time he reiterated that a Vietnam solution is not a precondition for a disarmament agreement.

6. Peking thus far has made no authoritative comment on the POL strikes.

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